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GENERAL

	GENERAL	
	Ambassador Kennan emphasizes importance of Soviet overture on	
	Korea:	
	Assistant Secretary General Zinchenko's approach to an Israeli UN delegate suggesting a new formula for the Korean armistice negotiations is of major importance, in the opinion of Ambassador Kennan in Moscow. Zinchenko's suggestion appears aimed at a virtual cease-fire in Korea without final and formal agreement, the prisoner-of-war issue to be handled by an overt "agreement to disagree," and possibly by subsequent informal arrangements tending to minimize its importance.	3.3(h)(2)
	The Ambassador believes that any solution of the prisoner impasse would have to be along some such line as that suggested by Zinchenko.	
	Comment: In addition to conveying a possible way around the prisoner-of-war impasse, the Soviet 'feeler' to the Israeli delegate could be another effort to bring UN pressure to bear upon the United States to modify its stand in Korea. Reportedly, the Russian suggestion has already been echoed in part by other delegations.	
	France and Britain now favor early meeting with USSR:	
_	French Foreign Minister Schuman and British Foreign Secretary Eden now favor an early four-power meeting to discuss conditions for free elections in Germany and the status of an all-German government pending a peace treaty. Schuman, who considers that signature of the EDC treaty and the contractual agreement have considerably strengthened the Western	3.3(h)(2)

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position, thinks that such a meeting would satisfy the French public's desire for a final attempt at reaching an understanding with the

Russians.

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The encourage

To the Western accord with Germany

Comment: The encouragement engendered by the signing of the Western accord with Germany apparently led Schuman and Eden to agree that a reply to the Russian note of 24 May should seek to end the exchange. Subsequent reappraisals of domestic political pressures, however, have evidently influenced the French and British Foreign Ministers to revert to their earlier position in favor of quadripartite talks.

SOVIET UNION

	The French Ambassador in Moscow believes
	that in an effort to prevent ratification of
	Germany's agreements with the West, the
	Soviet Union will intensify its campaign of
	intimidation and allow East Germany to take
initiativas ar	dangering peace without involving the responsibility of

Having adopted this line of action, the Kremlin would have every advantage in declaring itself in favor of negotiation, which it would attempt to stall, and acting as if, in the words of Mr. Vyshinsky, "nothing has been changed by signing of the Bonn agreements."

Ambassador Chataigneau believes that through these tactics the USSR would encourage French and German resistance to Western policy, and if successful in preventing a European coalition, would strengthen the influence of American isolationists.

FAR EAST

4. UN walkout at Panmunjom causes Communist concern:

Headquarters of the Chinese Communist
"Volunteer" Forces in Korea on 7 June
alerted at least two tactical units to "guard
against an enemy attack" and to prepare for
combat. The basis of the enemy alert was

stated to be the UN's 'bad' attitude at Panmunjom.



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3.3(h)(2)

Comment: Apparently the Communist command construed the UN's walkout as an ultimatum. Kim Il-sung's and Peng Teh-huai's 9 June open letter to General Clark shows how serious the Communists consider the three-day recess. This form of communication is reserved for important proposals, and in the letter General Clark was urged to "order your delegates to return to Panmunjom" if the UN still desired an armistice in Korea.

President Rhee has reacted negatively to UNCURK's proposal of 7 June that a compromise solution be found to the South Korean political dispute, according to the commission's		
chairman. At a meeting with the commission on 9 June, Rhee's only interest was to get his constitutional amendments adopted. He quoted his Prime Minister as reporting that the Assembly is "coming around" to his viewpoint.		
Ambassador Muccio comments that the statement allegedly made by the Prime Minister is not understandable in view of the fact that he had expressed doubt on 7 June that the Assembly opposition would be willing to compromise or capitulate.		
China's petroleum purchases at record high:		

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under letters of credit totalling 20 million rubles, approximately

high reached in April.

5,000,000 dollars.

About 100,000 tons were to be shipped in April



3.3(h)(2)



Comment: China's imports from the USSR in April were nearly double the average monthly shipments in 1951.

The continuing scarcity of petroleum products in China's civilian economy suggests that the bulk of increased imports are for military use.

7.	Plot to	overthrow	Cambodian	Government	uncovered:

Cambodian Prime Minister Kanthoul informed the US Charge d' Affaires in Phnom Penh that he had uncovered a plot by a coalition of opposition political parties to overthrow his

government. Kanthoul claimed to possess evidence that French Commissariat personnel organized the conspiracy.

The Charge comments that although the plotters are not strong enough to overthrow the government by force, their threat of open rebellion is a "grave matter."

Comment: French officials in Indochina are known to be dissatisfied with the Kanthoul government, which has been increasingly insistent that French controls be relaxed. The Prime Minister's suspicion that the French engineered this plot against his government may further strain French-Cambodian relations.

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